The Growth of Large Fortunes. A Study of Economic Causes Affecting the Acquisition and Distribution of Property. By G. P. WATKINS, (Princeton, N. J.: The American Economic Association, 1907. Pp. iv, 170. $1.)

It is perhaps impossible to give too much careful study to the causes underlying the economic and social changes in the midst of which we live. This is particularly true in view of the claim that more socialisitc literature is now being published in the United States than in any other country of the world,—a literature devoted to the passionate discussion of the problems relating to the production and distribution of wealth.

Dr. Watkins has done well to point out, in his opening chapter, that the causes of large fortunes are fundamentally impersonal, and that the contention that men who become rich do so because of unscrupulous practices is unfounded. The moral defects of business men are no greater today than a century ago. Even if we were to grant that men are no better, now, we should still have to find the causes of the recent growth of large fortunes in the new conditions and institutions which prevail. His statement that the "regimental organization of factory hands has hindered the all-round development of men" (p. 7) is open to question, if all things are considered; as, indeed, may be the use of such terms as "abstract value" (p. 13) and "abstract income" (p. 19). His assertion that "consumption must always be individualistic," while production is usually social in character, needs qualification. In a sense, it is true that "consumption must always be individualistic," but, in the same sense, production must always be individualistic. From the standpoint of personal effort and satisfaction one is as true as the other. A man's effort in production is his individual effort, quite as much as his act of consumption. On the other hand, many may share in the services and consumption of certain commodities, quite as well as in their production.

The author has undertaken to trace the influence upon the growth of large fortunes of changes in the relative importance of the constituent elements of total wealth and property, changes in the kinds of income, the forms of property rights, quantity of capital, use of capital by its owners, organization and scale

of production, market conditions and institutions of exchange, growth of cities, extent of speculation, exploitation of natural resources, perfection of instruments and methods of production, chances of war, and policies of government. The inclusive aspect of the various specific causes of the growth of large fortunes is said to be "a difference in the amounts and forms of wealth, of ownership, and of income." The increase of "abstract" and "paper property" (by which he seems to mean paper evidences of property rights in concrete forms of wealth) is regarded as one of the preconditions to the growth of large fortunes. "Paper property" is estimated to have increased to the enormous total of $47,400,000,000, or approximately 45 per cent of the total wealth of the nation, in 1904, and it is still growing rapidly (p. 57). "Nearly one-half of this," according to the editors of the *Wall Street Journal*, "is represented in the listed and unlisted departments of the New York Stock Exchange." Furthermore, in the opinion of Dr. Watkins, "paper property" is greatly concentrated (p. 46), and may be accumulated "without the slightest participation in production." Even the income therefrom may involve no "labor incident to its receipt" (p. 35).

The suggestion that "the fortunes made in stocks" have cost society more than they are worth (p. 120) would be difficult to prove, to say the least; while there seems little ground for the statement that "it is doubtful if their (the speculators') function can at best be considered productive in the full meaning" (p. 115). If, as he states elsewhere, "their operation may be very beneficial, and their gain may be earned," and if they assume legitimate risks and serve to create "time-values," it would seem that, as a class, they are more than "negatively productive." Dishonest manipulation and ignorant gambling in securities are not under consideration.

The observation that the inheritance of wealth often increases the natural inequalities of ability is undoubtedly true; but his declaration that "it is hard to see why in justice he who is handicapped by nature should also be handicapped by human institutions" (p. 128) sounds like a chapter from popular socialism. The statement by itself as, indeed, so many assertions of the socialists, may be true, but the connotations may be questionable. Is it so much more difficult to justify the institution of inheritance than that of private property?

The writer concludes that the "function of the rich as *the* accumulators of capital appears to be a thing of the past" (p. 132); that greater accumulation results where existing property is widely distributed (p. 131); that even now the "salaried and the small-propertied class together, by their savings, probably afford the greatest demand for secure abstract property" (p. 140); that "abstract property" when the element of risk is largely eliminated will "be a means of equalization of ownership" of wealth (132–133); and that the property of "the few functionless hereditary rich who will still remain" will be divided at their decease by governmental action. That there are, as individuals, functionless rich, as there are functionless poor—people "without a calling"—few would deny. But that such people are peculiar to any one economic class is not true.

It is discouraging to be told that "in the future, growth from nothing will in every respect be less easy—both relatively and absolutely" (p. 155); but there is encouragement in the fact that the need for great men in church, in state, in business, in education, and in nearly every walk of life was never greater than today. The declaration that "riches are the only form of secure power in the United States" (p. 154) is a serious charge against a democratic republic. If the people of this country have reached the point where they cannot appreciate and will not rally to the support of superior wisdom, intellect and character, we are indeed the slaves of Mammon.

In his concluding paragraphs, he expresses the belief that "we have too much concentration of riches." "It threatens that equality of opportunity, and that spirit of individuality and self-reliance, which are essential to democracy."

In an editorial of January 1, 1908, *The Wall Street Journal* probably expressed the truth in saying that Dr. Watkins "has not given sufficient importance to this distinction—namely, that there is a wide distribution of wealth in this country and that the concentration is rather a concentration of control than of ownership." The concentration of control has progressed so far, however, that "it would not be too much to say that one hundred men in the United States today hold substantial authority over the great bulk" of the "paper property" of the country.

The passages criticised above are not to be regarded as repre-

sentatives of the character of the work, as a whole. The statistics, gathered for the most part from well-known sources, have been carefully selected and interpreted, although their value might have been increased by a good index. The treatise presents a good analysis of the conditions, changes and general causes underlying the recent development of large fortunes, and may be considered a valuable contribution to the subject.

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The Stannaries. A Study of the English Tin Miner. By GEORGE RANDALL LEWIS. Harvard Economic Studies, Vol. III. (Boston: Houghton, Mifflin and Company, 1908. Pp. xviii, 299. $1.50 net.)

This is a remarkable work, of interest for both economists and historians. The author has evidently made a thorough study of all accessible manuscript and printed material. He has also investigated the conditions in other mining industries in England and on the continent. Consequently this volume will be useful in very many lines of study, and a review can merely indicate the scope and touch briefly upon certain features.

The eight chapters discuss technical conditions, past and present; external history, especially trade; early mining law, mainly continental; administration and justice; taxation and revenue; privileges and trade rules; industrial organization; and the respective rôles of capital and labor. The appendix contains the earliest written records, especially the letter of the first warden of the stannaries written in 1198, and the charters of 1201 and 1305; tables of the production of tin from 1156 to 1837, of the prices from 1199 to 1763, and of the various profits received by the crown from 1156 to 1750; and important petitions and resolutions. The bibliography is excellent and extensive.

The chief interest of the crown was in the revenue to be obtained from the stannaries. The monarchs granted many privileges to the miners. Although the means which they employed were often unfortunate, they encouraged the largest possible production. Nothing analogous to a guild system, which would have restricted